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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON 25, D. C.

January 17, 1952

TELEPHONE ENGINEERING MEMORANDUM 513

Subject: Award of Contracts Based on Competitive Bidding

The purpose of this memorandum is to state the policy regarding the award of contracts based on competitive bidding.

All awards of borrowers' contracts based on competitive bidding shall be made to the lowest responsible bidder unless all bids are rejected or unless the Administrator shall approve the award of the contract to other than the low bidder upon a showing by the borrower that the award of the contract is in the best interest of the borrower.

The borrower may reject all bids under conditions such as:

- a. An insufficient number (less than three) of bona fide bids received.
- b. Acceptable prices not quoted.
- c. Varying interpretations resulting from ambiguity in the specifications.

The borrower may reject any bid under conditions such as:

- a. If the facts indicate the bidder has an interest conflicting with that of the borrower.
- b. If it is an unbalanced bid.
- c. If the bidder is not qualified in accordance with the instructions to bidders.

If factors other than the dollar value of the bids are to be considered in the award of the contract such factors should be specified in the notice and instructions to bidders.

It is the responsibility of the borrower, with the advice of its engineer, to qualify bidders before the bids are opened. The bids of unqualified bidders shall be returned unopened.

At the time the bids are opened the borrower's engineer and attorney shall review all bids for minor irregularities or minor errors. If it appears to the borrower that such irregularities or errors were made through inadvertence, the borrower may (a) authorize the bidder to make changes, or (b) waive the errors or irregularities.

In the event that less than three bids are received all bids shall be returned unopened.

In the event that the low bid received is determined to be reasonable and otherwise meets the requirements for which the loan was made and the provisions of the contract, the contract will be processed for approval in accordance with established procedure.

In the event that no bid can be approved, all bids shall be rejected and the borrower shall advertise for new bids.

The procedure to be followed by the borrower and the borrower's engineer in the review of bids and submission of contracts for approval is outlined in the Engineering Service Contract.

J. K. O'Shaughnessy

J. K. O'Shaughnessy
Chief, Engineering Division

